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REPORT

Farmers have the opportunity to set the record straight about the issues that affect them – and to help ensure that policies and programs are based on accurate, real-world data. This is the goal of the annual Agricultural Resource Management Survey (ARMS), conducted by the U.S. Department of Agriculture's National Agricultural Statistics Service.

Beginning December 27, NASS field offices started contacting approximately 35,000 farmers nationwide by mail or phone to complete the survey. Producers will be asked to provide data on their operating expenditures, production costs and household characteristics.

2010 MINNESOTA CORN AND SOYBEAN PRODUCTION HIT RECORD HIGHS

Minnesota **CORN** production is estimated at a record high 1.29 billion bushels, up 4 percent from the previous record high set last year. The estimated yield is also a record high, at 177 bushels per acre, up 2 bushels from November and up 3 bushels from the previous record high set last year. Corn harvested acres, at 7.3 million acres, are up 2 percent, or 150,000 acres, from last year.

SOYBEAN production is estimated at a record high 329 million bushels, up 2 percent from November and up 16 percent from 2009. The estimated yield is 45 bushels per acre, up 1 bushel from November and up 5 bushels from last year. Soybean harvested acres, at 7.31 million acres, are up 3 percent, or 190,000 acres, from 2009.

SPRING WHEAT production is estimated at 85.3 million bushels, up 4 percent from last year. Acres harvested for grain, at 1.55 million acres, is equivalent to last year. The estimated yield at 55 bushels per acre is up 2 bushels from a year ago.

The **SUGARBEET** production of 11.8 million tons is up 11 percent from last year and is the second highest production recorded. Yield is estimated at a record high 26.7 tons per acre, up 3 tons per acre from last year and 1.8 tons per acre above the previous record yield set in 2006. Sugarbeet harvested acres are 441,000 acres, down 8,000 acres from last year.

ALL ALFALFA FORAGE production of 4.92 million tons is up 4 percent from last year. Yield is estimated at 3.74 tons per acre, up from 3.14 tons per acre last year. Alfalfa forage harvested acres are 1.32 million acres, down 185,000 acres from last year.

MINNESOTA SOYBEAN STOCKS UP 6 PERCENT FROM PREVIOUS YEAR

SOYBEANS stored in all positions were at 256 million bushels, up 6 percent from a year earlier, based on the December 1 Grain Stocks Survey. On-farm stocks were 145 million bushels, an increase of 4 percent from December 1, 2009.

CORN stocks in all positions totaled 1.21 billion bushels, nearly equal to last year's record high stocks level. On-farm stocks were 900 million bushels, a decrease of 3 percent from the previous year.

ALL WHEAT stocks in all positions totaled 89.3 million bushels, up 9 percent from the previous year. On-farm stocks, at 58 million bushels, accounted for 65 percent of the total.

BARLEY stocks in all positions totaled 12.5 million bushels, down 1 percent from a year earlier. On-farm stocks of 2.3 million bushels accounted for 18 percent of the total.

OAT stocks in all positions totaled 37.3 million bushels, down 10 percent from a year earlier. On-farm stocks, at 5.6 million bushels, accounted for 15 percent of the total.

U.S. HIGHLIGHTS – GRAIN STOCKS

CORN stored in all positions on December 1, 2010, totaled 10.0 billion bushels, down 8 percent from December 1, 2009. Of the total stocks, 6.30 billion bushels are stored on farms, down 15 percent from a year earlier. Off-farm stocks, at 3.74 billion bushels, are up 7 percent from a year ago. The September - November 2010 indicated disappearance is 4.11 billion bushels, compared with 3.86 billion bushels during the same period last year.

SOYBEANS stored in all positions on December 1, 2010, totaled 2.28 billion bushels, down 3 percent from December 1, 2009. Soybean stocks stored on farms totaled 1.09 billion bushels, down 11 percent from a year ago. Off-farm stocks, at 1.19 billion bushels, are up 7 percent from last December. Indicated disappearance for September - November 2010 totaled 1.20 billion bushels, up 4 percent from the same period a year earlier.

ALL WHEAT stored in all positions on December 1, 2010, totaled 1.93 billion bushels, up 8 percent from a year ago. On-farm stocks are estimated at 550 million bushels, down 2 percent from last December. Off-farm stocks, at 1.38 billion bushels, are up 13 percent from a year ago. The September - November 2010 indicated disappearance is 522 million bushels, up 22 percent from the same period a year earlier.

DURUM WHEAT stored in all positions on December 1, 2010, totaled 68.5 million bushels, down 10 percent from a year ago. On-farm stocks, at 46.6 million bushels, are down 8 percent from December 1, 2009. Off-farm stocks totaled 21.9 million bushels, down 13 percent from a year ago. The September - November 2010 indicated disappearance of 31.6 million bushels is up 22 percent from the same period a year earlier.

BARLEY stored in all positions on December 1, 2010, totaled 181 million bushels, down 12 percent from December 1, 2009. On-farm stocks are estimated at 91.7 million bushels, 20 percent below a year ago. Off-farm stocks, at 89.5 million bushels, are 3 percent below December 2009. The September - November 2010 indicated disappearance is 42.8 million bushels, 29 percent above the same period a year earlier.

OATS stored in all positions on December 1, 2010, totaled 101 million bushels, 9 percent below the stocks on December 1, 2009. Of the total stocks on hand, 34.1 million bushels are stored on farms, down 21 percent from a year ago. Off-farm stocks totaled 67.0 million bushels, down 1 percent from the previous year. Indicated disappearance during September - November 2010 totaled 15.9 million bushels.

GRAIN SORGHUM stored in all positions on December 1, 2010, totaled 236 million bushels, down 6 percent from a year ago. On-farm stocks, at 30.5 million bushels, are down 36 percent from December 1 last year. Off-farm stocks, at 205 million bushels, are up 1 percent from a year earlier. The September - November 2010 indicated disappearance from all positions is 151 million bushels, down 19 percent from the same period in 2009.

PULSE CROPS stored in all positions on December 1, 2010, and the change from December 1, 2009, are: **dry edible peas**, 8.44 million cwt, down 21 percent; **lentils**, 4.42 million cwt, up 66 percent; **Austrian winter peas**, 192,000 cwt, up 61 percent; **all chickpeas**, 1,053,000 cwt, up 20 percent; **small chickpeas**, 339,000 cwt, up 12 percent; and **large chickpeas**, 714,000 cwt, up 25 percent. Small chickpeas are defined as peas that will pass through a 20/64 inch round hole screen.

MINNESOTA & U.S. HARVESTED ACRES, YIELD, AND PRODUCTION

COMMODITY	2009 HARVESTED ACRES (000)	2010 HARVESTED ACRES (000)	2009 YIELD	2010 YIELD	2009 PRODUCTION (000)	2010 PRODUCTION (000)
MINNESOTA						
CORN FOR GRAIN (Bu)	7,150	7,300	174.0	177.0	1,244,100	1,292,100
SOYBEANS (Bu)	7,120	7,310	40.0	45.0	284,800	328,950
SPRING WHEAT (Bu)	1,550	1,550	53.0	55.0	82,150	85,250
BARLEY (Bu)	80	70	61.0	62.0	4,880	4,340
OATS (Bu)	170	165	71.0	69.0	12,070	11,385
SUGARBEETS (Ton)	449	441	23.7	26.7	10,641	11,775
DRY BEANS 1/	140	175	1,800	1,750	2,520	3,062
CANOLA (Lb)	12.5	45	1,700	1,530	21,250	68,850
OIL SUNFLOWERS (Lb)	44	51	1,400	1,500	61,600	76,500
NON-OIL SUNFLOWERS (Lb)	20	31	1,250	1,300	25,000	40,300
ALFALFA HAY (Ton)	1,300	1,100	3.00	3.60	3,900	3,960
OTHER HAY (Ton)	750	800	1.80	1.80	1,350	1,440
ALFALFA HAYLAGE 2/	250	265	6.60	7.30	1,650	1,935
ALL ALFALFA FORAGE 3/	1,500	1,315	3.14	3.74	4,716	4,916
UNITED STATES						
CORN FOR GRAIN (Bu)	79,490	81,446	164.7	152.8	13,091,862	12,446,865
SOYBEANS (Bu)	76,372	76,616	44.0	43.5	3,359,011	3,329,341
SPRING WHEAT (Bu)	12,955	13,359	45.1	46.1	584,411	615,975
BARLEY (Bu)	3,113	2,465	73.0	73.1	227,323	180,268
OATS (Bu)	1,379	1,263	67.5	64.3	93,081	81,190
SUGARBEETS (Ton)	1,148.5	1,155.7	25.9	27.6	29,783	31,945
DRY BEANS 1/	1,464.0	1,842.7	1,737	1,726	25,427	31,801
CANOLA (Lb)	814	1,431	1,811	1,713	1,474,130	2,450,947
OIL SUNFLOWERS (Lb)	1,653.0	1,422.5	1,563	1,458	2,584,010	2,074,500
NON-OIL SUNFLOWERS (Lb)	300.5	451.3	1,506	1,465	452,450	661,070
ALFALFA HAY (Ton)	21,247	19,956	3.35	3.40	71,072	67,903
OTHER HAY (Ton)	38,528	39,906	1.99	1.95	76,628	77,653

1/ Yield in lb; production in cwt. 2/ Yield & Production (ton) in green weight basis. 3/ Yield & Production (ton) in dry weight basis (13% moisture).

DECEMBER 1 MINNESOTA & U.S. GRAIN STOCKS

COMMODITY	ON FARM		OFF FARM		TOTAL ALL POSITIONS		% CHANGE PREVIOUS YEAR
	2009	2010	2009	2010	2009	2010	
-1,000 BUSHEL- MINNESOTA							
CORN	930,000	900,000	275,284	305,129	1,205,284	1,205,129	100
SOYBEANS	140,000	145,000	101,462	111,073	241,462	256,073	106
ALL WHEAT	59,000	58,000	23,067	31,284	82,067	89,284	109
BARLEY	3,300	2,300	9,332	10,172	12,632	12,472	99
OATS	7,000	5,600	34,271	31,666	41,271	37,266	90
UNITED STATES							
CORN	7,405,000	6,302,000	3,497,460	3,737,877	10,902,460	10,039,877	92
SOYBEANS	1,229,500	1,091,000	1,109,050	1,185,860	2,338,550	2,276,860	97
ALL WHEAT	558,800	550,000	1,222,891	1,377,755	1,781,691	1,927,755	108
BARLEY	114,630	91,660	91,759	89,460	206,389	181,120	88
OATS	43,000	34,100	67,629	66,976	110,629	101,076	91

1/ 1,000 tons

Analysis of January 12, 2011, Reports

The USDA released the Grain Stocks and Crop Production reports on January 12, 2011. The trade expectation was for a drawdown of stocks, leading to a decrease in annual carryover of about 6.5%. The scenario that is developing is that of rationing of demand in reaction to higher prices. The question is how high prices need to go to perform this rationing function. This is especially true in corn as ethanol demand has again increased. Declines in the livestock herd will be a negative factor as well.

The Grain Stocks report reported that corn stocks as of December 1, 2010, were 10 billion bushels, down 8 percent from last year. Of this total, 6.3 billion bushels were stored on-farm, down 15% from a year ago, and 3.74 billion bushels were stored off-farm, up 7%. Disappearance or usage of grain for the September to November period was 4.11 billion bushels, up from the 3.86 billion bushels from last year. It appears that demand has increased in spite of higher prices. Most analysts look for this trend to continue.

Soybeans stocks as of Dec.1, 2010, were reported at 2.28 billion bushels, down 3% from last year. Of this total, 1.09 billion bushels were stored on-farm, down 11% from last year, and 1.19 billion bushels were stored off-farm, up 7% from last year. Disappearance through use for the September to November 2010 period was 1.20 billion bushels, up 4% also from one year ago. Demand for soybeans is also strong.

Stocks of wheat as of December 1, 2010, were listed at 1.93 billion bushels, up 8% from one year ago. Of this total, 550 million bushels were stored on-farm, down 2% from one year ago, and 1.38 billion bushels were stored off-farm, up 13%. The September to November disappearance was reported at 522 million bushels, up 22% from one year ago. Demand is also higher for wheat. Also worthy of note is the decline in stocks of both durum wheat and barley.

The Crop Production report also released on January 12 reported that the corn crop totaled 12.447 billion bushels, a decrease from the 12.540 billion bushels reported in December 2010. Average yield of corn was reported at 152.8 bushels per acre. Soybean production was reported at 3.329 billion bushels, also a decrease from the December 2010 estimate of 3.375 billion bushels. Average soybean yield was 43.5 bushels per acre. These decreases of 93 million bushels for corn and 46 million bushels for soybeans contributed to the decrease in year-end stocks for corn, which was estimated at 745 million bushels, and soybeans, estimated now at 140 million bushels. The stocks to use ratio for corn is now 5.5%, the lowest since 1995/96. Both levels are very low historically and will lead to higher average prices. The price range for corn is now expected to be from \$4.90 to \$5.70 per bushel and soybeans from \$11.20 to \$12.20 per bushel. We are now in the upper end of these ranges. Wheat prices are also expected to be in the \$6.75-8 range.

So we will need to ration supplies for the upcoming year through higher prices. Disruption of oil supplies in Alaska and weather in South America and Australia will further add to speculative fever. Commodity funds will certainly play into the upcoming scenario. Use of price charts and technical information will now be an important part of the marketing of grain this year.

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